



CONSTRUCTION
INDUSTRY
FEDERATION



CIF/IHBA Submission to European Strategy for Housing Construction

September 2025



Introduction

The Construction Industry Federation (CIF) welcomes the opportunity to share evidence with the European Construction Industry Federation (FIEC) to shape measures that will help increase the competitiveness and productivity of the construction ecosystem and the supply of new, repurposed and renovated housing.

Our submission centres on key issues facing the Irish housing sector. We have structured our response around the key issues set out in the “Call for Evidence” paper, as follows:

- Root causes of the insufficient supply in view of the high demand, especially demand for new housing
- Data-based ranking of the root causes;
- Relative importance of market failures, regulations, administrative processes, difficulties in obtaining financing or other causes of the identified market failure;
- Building permit procedures in the EU, especially their duration and level of digitalisation; economic impact of the length of procedures
- Economic impact of the digitalisation of building permits;
- Specific barriers to boosting construction and renovation of social housing (i.e. the public and not-for-profit housing sector)
- Cost of the incomplete internal market, including the cost of European and national legislation and requirements, especially main impediments for the cross-border provision of construction services;
- Obstacles that construction companies and construction product manufacturers face when scaling up innovation, especially technical regulations and absence of standards for construction products needed to facilitate the growth of European offsite manufacturers;
- Size and potential of offsite construction and main obstacles to its growth
- Quantification of the benefits or costs of integrating digital solutions into the construction value chain and life-cycle and into administrative processes, especially digital building permits and digital construction logbooks;
- Size of the labour and skills gap in the construction ecosystem, differences between EU countries/regions;
- Barriers to improving the environmental management of construction sites.

To ensure that our submission best reflects the issues that our members experience, and provides accurate and relevant information, we have provided evidence to only some of the above points.

Background

Ireland faces an urgent housing crisis, requiring immediate intervention through financial support, regulatory reform, and strategic planning if it is to meet the increased annual housing delivery of 50,500 units. The Irish Home Builders Association, (IHBA), a constituent association of the CIF, have identified several key changes required to galvanise housing delivery and overcome some of the major challenges facing the industry currently.

Our position paper outlines specific challenges that are facing the sector here, as well as outlining proposed solutions. We hope that these can be considered by the FIEC as part of their submission to this consultation.

Root Causes of Insufficient Supply in View of High Demand

The housing shortfall is driven by multiple constraints, including limited capital, insufficient infrastructure investment, and inefficiencies in the planning system. In Ireland, it is essential that emergency measures are introduced to optimise the use of land available for development. Restrictions on zoned land, such as tiered zoning and settlement caps, prevent much-needed developments from reaching the market, ultimately impacting supply. Prioritising changes to local development plans and using emergency planning powers for infrastructure projects will enable more housing units to come to market more quickly.

Key Issues

- Delays to planning decisions, resulting in unviable/expired permissions.
- Lack of long-term planning & coordination of infrastructure requirements.
- Infrastructure bottlenecks restricting site activation.
- High construction costs and financing difficulties, especially for apartments.
- Regulatory fragmentation and uncertainties.

Proposed Solutions

- Treat All Zoned Land as Tier 1: Remove tiered zoning to unlock thousands of dormant sites for housing.
- Fast-Track Development Plan Variations: Emergency variations to Local Authority Development Plans to boost zoned and serviceable land availability.
- Revive Expired Local Area Plans (LAPs): Use emergency provisions to reinstate Local Area Plans, restoring planning certainty.
- Empower Local Authorities: Instruct all local authorities to make time-sensitive decisions within a 4-week window on certain applications (e.g., road openings, estate naming & Part V negotiations).
- Housing Target Incentive Scheme: Reward local authorities that meet or exceed housing targets with access to dedicated infrastructure and community funding grants.
- Strict Utility Connection Deadlines: Impose statutory 8–10 week deadlines on all connection applications, with oversight mechanisms and enforcement provisions.
- Joint Ventures for Infrastructure: Facilitate partnerships between local authorities and utilities to deliver infrastructure efficiently.
- Use Emergency Powers for Delivering Public Infrastructure: this should include allowing for planning exemptions for certain infrastructure providers (e.g., extensions to treatment plants, works to substations etc).
- Align Infrastructure with Housing Delivery: Prioritise energy, transport, and water infrastructure projects that directly enable housing delivery. Fast-track where possible.

Market Failures, Regulations, Administrative Processes & Financing Difficulties

The funding landscape for residential delivery in Ireland faces many challenges, namely from a project viability perspective. This needs to be addressed through the introduction of various tax measures and specific financial initiatives to kick-start stalled apartment and Private Residential Sector (PRS) developments.

Key Issues

- Market failures to address apartment viability challenges.
- Fragmented regulations causing uncertainty.
- Lengthy administrative processes.
- Financing challenges restricting investment in social and cost rental housing.

Proposed Solutions

- Five-Year Apartment Delivery Designation: Special fiscal and planning treatment to address apartment viability.
- VAT Reduction on Apartments: Lower VAT to enhance affordability.

- Reform Rent Pressure Zones (RPZs): Align rent reviews with inflation and best EU practices to stabilize markets. It should be noted, that there have been recent changes to rent reforms in Ireland which will take effect from Spring 2026.
- Forward-Funding Tax Reform: Reduce site sale taxes when development proceeds and clarify VAT and RCT treatments.
- Expand and Enhance the Secure Tenancy Affordable Rental (STAR) investment scheme and Cost Rental schemes: Revise income thresholds, rebalance funding with equity and simplify legal structures to attract investment.
- Extend Waivers and Levies: Extend the development levy waiver and Uisce Éireann connection rebate scheme beyond 2026 for phased projects to maintain viability and ensure continuity of supply.

Building Permit Procedures

Ireland's planning process is substantially longer than any of its European peers, which we see as the core issue with the planning process. The target timeframe is eight weeks, but in reality, many IHBA members experience substantially longer delays in obtaining planning permission. These delays only add to the cost of delivering much needed homes.

Please note, that the below proposed solutions should be read in tandem with the planning items outlined in Item 1.

Proposed Solutions

- Mandate statutory timelines for decision making.
- Digitise building permits fully, reducing paperwork and improving transparency.
- Introduce performance metrics and penalties for delays in decision-making.

Barriers to Boosting Construction and Renovation of Social & Affordable Housing

We have seen an increased push in affordable and social housing delivery, with a recent report (July 2025) highlighting that 11,504 social homes are currently on site, with a further 13,953 homes at design and tender stage¹. In July of this year, the Government announced an additional €700million in funding for such schemes.

Whilst there is adequate funding and focus on affordable and social housing delivery, we believe that improvements could be made in public procurement strategy, to prioritise housing delivery through quality-based awards, multiannual funding, and improved risk and design management.

Proposed Solutions

- Adopt Multiannual Funding Commitments: Introduce multi-year capital allocations to provide certainty, enable forward planning, and support investment in long-term housing and infrastructure programmes.
- Promote Early Contractor Involvement (ECI): Allow contractors to engage at pre-design or early design stages in complex projects, enabling more accurate pricing, better risk management, and innovation in delivery.
- Standardise and Improve Design Quality: Public clients should prioritise high-quality, well-scoped designs. Transferring the risk of incomplete or third-party designs to contractors is unfair, a duplication of resources and costs, while also creating inefficiencies and should be ended.
- Strengthen Procurement Capability of Public Bodies: Expand the Commercial Skills Academy to upskill contracting authorities on public works contracts, collaboration, and the roles of design teams. Include training on construction-specific procurement practices.
- Accelerate Contract Awards and Reduce Delays: Introduce performance metrics for public buyers to ensure contracts are awarded promptly post-tender, with incentives for meeting timelines and penalties for prolonged decision-making.
- Tailor Procurement Processes to Construction: Embed the Construction Policy Unit from the OGP into the Department of Public Expenditure and Infrastructure and enable it to delivery accelerated reform of public procurement and contracts. Develop dedicated processes that reflect construction's unique demands—including logistics, insurance, systems integration, and workforce planning.

¹ Social Housing Construction Projects – Status Report Q1 2025, July 2025.

- **Support SMEs Through Simplified Processes:** Reduce administrative burdens and speed up payments for small contractors. Provide digital profiles and qualification systems to ease tendering access.
- **Enable Strategic Procurement Flexibility:** Advocate for EU procurement reform to allow for material specification, innovation-driven negotiation, and exemptions from planning for key housing-related infrastructure

Obstacles Construction Companies Face When Scaling Innovation

Delivering 50,500 homes annually requires a significant uplift in the productivity of housing construction. Modern Methods of Construction (MMC), including off-site manufacturing, standardisation, and digitalisation, offer demonstrated efficiencies in time, cost, and environmental performance. However, widespread adoption is constrained by limited incentives, regulatory fragmentation, and a lack of coordinated investment. Unlocking the full potential of MMC requires a national commitment to innovation, skills, and procurement reform.

Key Issues

- Absence of harmonised technical standards for offsite products.
- Insufficient testing and certification infrastructure.
- Procurement rules unsuited to MMC and innovation.
- Funding gaps for capital investment in new factories.

Proposed Solutions

- Establish national MMC testing facilities for durability, fire, and structural performance.
- Reform public procurement to incentivise MMC, fair risk-sharing, and timely payments.
- Launch a dedicated MMC innovation fund (leveraging ISIF and other sources) for factory expansion.
- Implement standardised housing designs to enable scale and cost efficiencies.
- Increase funding for accelerated delivery programmes supporting MMC.

Size of Labour & Skills Gap in the Construction “Ecosystem”

Meeting increased housing and infrastructure targets will require urgent investment in workforce planning.

Proposed Solutions

- Reinstatement of the Apprenticeship Incentivisation Scheme and Redundancy Rebate Scheme to support employers.
- Full implementation and resourcing of the Single Integrated Apprenticeship System, including parity in funding between craft and consortium-led apprenticeships.
- Ensure all schools can offer technical subjects and scale up public awareness campaigns such as the careers in construction initiative.

Conclusion

Ireland’s construction sector requires coordinated reforms addressing regulatory, administrative, financing, and planning challenges to increase housing supply and sector productivity. Increased digitalisation, standardisation, and strategic investment in MMC and infrastructure are also essential.